OBRA FORMULA FOR FISCAL YEAR 1997/98 January 10, 1997

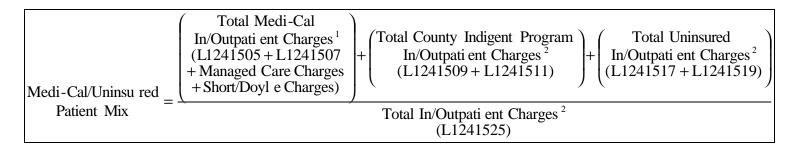
Medi-Cal/Uninsured Expenses

Where,

$$\begin{array}{c} \text{Projected Total} \\ \text{Hospital Expenses} \\ \text{For FY 97/98} \end{array} = \begin{pmatrix} \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Expenses For FY 97/98} \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 97/98} \\ \text{CRRP Costs} \\ \text{(From Survey)} \end{pmatrix} - \begin{pmatrix} \text{Estimated FY 97/98} \\ \text{Medi-Cal Administra tive} \\ \text{Activities} \\ \text{(From Survey)} \end{pmatrix} \\ \text{Where,} \\ \\ \text{Where,} \\ \\ \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Hospital Operating} \\ \text{Expenses For FY 97/98} \end{array} = \begin{bmatrix} \begin{pmatrix} \text{Total Operating} \\ \text{Expenses}^2 \\ \text{(L0820001)} \end{pmatrix} + \begin{pmatrix} \text{Bad Debt}^2 \\ \text{(L1242025)} \end{pmatrix} - \begin{pmatrix} \text{CRRP Costs} \\ \text{For FY Ending} \\ \text{In 1995} \\ \text{(From Survey)} \end{pmatrix} \end{bmatrix} \begin{pmatrix} \text{Trend} \\ \text{Factor} \end{pmatrix} \\ \text{and where,} \\ \\ \text{Trend} \\ \text{Factor} = \begin{bmatrix} \begin{pmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 1996} \end{pmatrix} \begin{pmatrix} \text{Hospital 1995 FY} \\ \text{End Month} \\ \text{Adjustment Factor} \end{pmatrix} + 1 \begin{bmatrix} \begin{pmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 1997} \end{pmatrix} + 1 \end{bmatrix} \begin{bmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 1998} \end{pmatrix} + 1 \end{bmatrix}$$

- 1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
- 2. From the OSHPD report for fiscal year ending in 1995.

(continued next page)



- 1. From the OSHPD report for fiscal year ending in 1995, the OSHPD Confidential Discharge Data files for calendar year 1995, the San Mateo and Santa Barbara county plans paid claims files for year of service 1995 and the Medi-Cal Short/Doyle paid claims files for year of service 1995.
- 2. From the OSHPD report for fiscal year ending in 1995.

Medi-Cal/Uninsured Revenues

$$\begin{array}{l} \text{Medi-Cal/Uninsu red} \\ \text{Revenues} \end{array} = \begin{pmatrix} \text{Total Medi-Cal} \\ \text{In/Outpati ent} \\ \text{Revenues For CY} \\ \text{of Payment 1996}^{1} \end{pmatrix} + \begin{pmatrix} \text{Estimated} \\ \text{FY 97/98} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{pmatrix} + \begin{pmatrix} \text{Emergency Services/} \\ \text{Supplement al Payments} \\ \text{Revenues} \\ \text{(SB1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 97/98} \end{pmatrix}^{2} \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 97/98} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{pmatrix} \\ + \begin{pmatrix} \text{Uninsured Cash} \\ \text{Payments} \end{array} \right] + \begin{pmatrix} \text{Demonstrat ion Project} \\ \text{Revenues} \end{array} \right)$$

- 1. From the Medi-Cal paid claims files (inpatient and outpatient), Medi-Cal Short/Doyle paid claims files, Inpatient Psychiatric paid claims files, San Mateo and Santa Barbara county plans paid claims files and data collected from the Medi-Cal Managed Care plans.
- 2. From CMAC.
- 3. From the OSHPD report for fiscal year ending in 1995.
- 4. Same as the Trend Factor calculated on page two.
- 5. Demonstration project revenues are determined based on the terms and conditions of an approved federal Medicaid demonstration project.